

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Campbell Analyst: John Pavalasky Bill Number: AB 612

Related Bills: See Prior Analysis Telephone: 845-4335 Amended Date: April 30, 2003

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Alimony Deduction For Nonresidents

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 19, 2003, STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY

This bill would allow a nonresident or part-year resident taxpayer of California a prorated alimony deduction, thus making California law consistent with case law from the U.S. Supreme Court and resolving a federal constitutional issue.

SUMMARY OF AMENDMENTS

The April 30, 2003, amendments removed the two additional provisions added to the bill by the March 24, 2003, amendments and, thus, made it identical to the bill as introduced February 19, 2003.

The previous analysis of the bill as introduced February 19, 2003, still applies. A new revenue estimate is provided.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately and apply to taxable years beginning on or after January 1, 2003.

POSITION

Pending.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

5/20/03

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses.

Estimated Revenue Impact of AB612 as Amended 4/30/03 Effective January 1, 2003 [\$ In Millions]			
	2003-04	2004-05	2005-06
Nonresident Alimony Deduction	Negligible Loss	Negligible Loss	Negligible Loss

Negligible loss is less than \$250,000 annually.

Revenue Discussion

Estimates reflect the amount of alimony paid by and the average apportionment factor of California nonresidents and part-year residents based on the department's personal income tax sample. It is projected that the majority of the estimated revenue loss would begin in 2006-07.

LEGISLATIVE STAFF CONTACT

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